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U.S. Stonewalls Australians on Probe of Bank

U.S. intelligence and law enforcement agencies have steadfastly refused to cooperate in a three-year Australian investigation of an international bank that may have been handling illicit arms deals and laundering drug traffic profits.

A number of the bank's officers were high-ranking U.S. military and intelligence officials.

The CIA denies any involvement with the bank, and the Australian investigators have dug up no solid evidence of ties between any U.S. agency and the Sydney-based bank, Nugan Hand. Officially, they express doubt that any connection existed.

But they base this conclusion on a rather shaky premise. Say the Australian investigators:

"If the CIA or any other intelligence organization had intended to use Nugan Hand as a cover for covert operations, it was a clumsy attempt, and one would have expected a more professional effort from an intelligence organization."

This flattering deduction does not, of course, cover the possibility that individual bank officers used their intelligence connections to fur-

ther their questionable financial dealings—or that the "old-boy network" was responsible for the stonewalling of Australian investigators by U.S. agencies.

The bank was founded by Frank Nugan, an Australian, and Michael Hand, an American. It collapsed in 1980 following Nugan's apparent suicide. Hand disappeared at the same time and hasn't surfaced since.

The roster of former U.S. officials with ties to the bank includes:

- William E. Colby, former director of the CIA. He was an attorney for the bank briefly, working on tax matters and other legal problems. His business card was found on Nugan's body.

- Retired Navy Adm. Earl Yates, at one time president of the bank.

- Retired Army Gen. Erle Cocke Jr., whose consulting firm acted as the bank's Washington, D.C., office.

- A former CIA station chief in Bangkok.

- Several other generals, admirals and former CIA officials.

Although many bank documents apparently were shredded after Nugan's death, the Australian investigators pieced together evidence of Nugan Hand's activities. The task force's four-volume report has been reviewed by my associates Donald Goldberg and John Dillon.

Nugan Hand was believed to have been involved in drug traffic in the Golden Triangle of Southeast Asia.

The bank had a branch office in the otherwise unpromising town of Chiang Mai in northwestern Thailand, not far from the Burmese border. Its office there was just down the hall from the U.S. Drug Enforcement Administration.

In fact, Nugan Hand officials told investigators they had offered to give the DEA any information on drug smuggling they came across.

The investigators also found substantial evidence that linked the bank to convicted gun-runner Edwin P. Wilson, a former CIA agent who was then working with the Navy's super-secret Task Force 157, which used shipping companies as covers for espionage.

The Aussies felt strongly about the U.S. government's lack of cooperation. Their report complains:

"During the course of the Nugan Hand inquiry, many links were found between individuals connected with the group and individuals connected in very significant ways with U.S. intelligence organizations, specifically the CIA and the Office of Naval Intelligence.... At times those links appear to have been an intrinsic part of the then-ongoing activity and have the appearance of the direct involvement of the U.S. intelligence community itself."

The Australian investigators were rebuffed by every U.S. government agency they approached for information. The big question is—why?

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